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20 JAN 1976

MEMORANDUM FOR: Director of Training

SUBJECT : OTR Audit Survey

Attached for your review is a draft memorandum prepared for the Chief, Audit Staff covering the OTR audit survey.

I am forwarding this draft to you for discussion purposes only. I would appreciate your suggestions for any revisions to the draft prior to our meeting with the DDA on 22 January 1976.

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Chief, Audit Staff
Office of Inspector General

Attachment:
as stated

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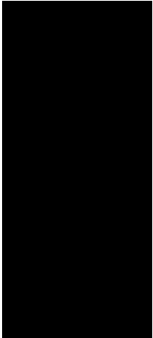

MEMORANDUM FOR: Chief, Audit Staff

SUBJECT : Office of Training Survey

Per your request an audit survey has been conducted of the Office of Training (OTR) with the objective of identifying areas where a Program Review might prove beneficial to Agency management. This was done in conjunction with our expanded scope financial compliance audit of OTR for the 27 month period ended 31 August 1975. This memorandum summarizes the results of the survey for your consideration prior to discussions with the Deputy Director for Administration (DDA) and the Director, OTR.

The planning, programming and budgeting of OTR's resources are supported by eight Resource Packages. We used these packages as the basis for our audit approach. We considered using an MBO approach, but the objectives only involve about 10% of OTR resources.

The responsible auditor used survey techniques to broaden his understanding of the activity and also to resolve questions raised in his financial review. We combined audit and survey techniques primarily because of limited audit resources. It did result in our addressing some problems immediately rather than just identifying them for future review. A summary of OTR's programmed activity for FY 1976 is presented below.

<u>Resource Package</u>	<u>Positions</u>	<u>Funds (in thousands)</u>
1. Career Training Program		\$ 1,275
2.  Ops Training		6,119
3. Functional Training		1,566
4. Intelligence Institute		1,002
5. Language Learning		1,461
6. Management Support		816
7. Technical Services		428
8. Training Support		628
TOTALS		<u>\$13,295</u>

We prepared a draft report upon completion of our review of a Resource Package. These reports were used in the exit conferences with responsible officials. In those areas where we are recommending a more comprehensive review a report is attached. Also, we are including in our summary of observations the recommendations proposed for the Audit Report. A summary of our observations follows.

1. Career Training Program (CTP) - Attachment A

Agency Directorates are fulfilling their professional manpower requirements by direct hire or internal selection and training rather than relying to any significant extent upon the CTP; less than 10 per cent (55 in number) of Agency-wide professional gains in FY 75 were CT's. With decreasing personnel requirements throughout the Agency, the number of CT's is being reduced; FY-77 projections are for less than 40^{*} CT's. It appears the costs of hiring, training, and placing a professional employee through the CTP far exceed alternate methods. We believe that a comprehensive review of the CTP is warranted.

STATINTL 2. ██████████ Ops Training - Attachment B

One of the basic issues that should be addressed is the extent of OTR responsibility in conducting operations (OPS) training. We suggest that the Ops courses ██████████ should be under the direct control and supervision of the DDO. In fact, we would include the Ops courses run by OTR's Functional Training Division. These courses appear to teach strictly DDO oriented skills, designed to impart DDO Ops philosophy and techniques. They are conducted solely for DDO personnel and essentially by DDO personnel. The DDO has established a DDO Training Committee and has substantially increased component conducted training. Removing the Ops courses from OTR might eliminate the requirements for positions such as the OTR Deputy Director for Ops Training

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* CHANGED TO 91 AFTER AUDIT.

STATINTL and the [REDACTED] Deputy for Ops. The two positions exist primarily to insure OTR responsiveness to DDO needs and requirements. There are other less significant areas that we could address in our expanded review (see Attachment B). We feel that a review of [REDACTED] operations should be deferred until our next financial audit.

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(FTD)
3. Functional Training Division^a - Attachment C

In our opinion an extended review of program results would not significantly benefit OTR or Agency management. The Management and Administrative Training Branch introduced 12 new courses in Fiscal Year 1975 and 3 in Fiscal Year 1976 in response to current management needs. The Operations Training Branch and the Information Science Training Branch also appear to be responsive to current needs according to course evaluations. Recommendations resulting from our review that will be included in the Audit Report are summarized as follows:

a. Management and Administrative Training Branch

- (1) Broaden post-training evaluations to include feedback from participants who have applied their training on the job, and their supervisors. Such evaluations have been made on 5 courses during the last 3 years.
- (2) Ensure that only students who meet course prerequisites are enrolled.

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b. Operations Training Branch (OTB)

(1) Reconsider the feasibility and benefits of transferring [REDACTED] into an Agency controlled building. If such a move was made, a minimum direct savings of \$24,000 rent plus the cost of installing secure communication facilities would result.

(2) Assist OTB with the problem of acquiring video-cassette films. Additional films are needed to assist the instructors and to better utilize the expensive video-cassette equipment maintained by the branch.

(3) Improve support given to OTB by the Training Services Staff, Visual Aids Branch. Agent and Liaison Training instructors often prepare their own training aids (slides and view-graphs).

c. Under DDA directives, request each directorate to define its requirements for information science training within guidelines developed and furnished by the DDA in coordination with OTR. These requirements could be used as a means to structure information science training courses to meet stated needs of the Agency.

4. Intelligence Institute

In our opinion there are no areas within the Institute which offer a potential cost benefit if subjected to a more extensive review. We did identify one problem area (payments to visiting lecturers) which results in the following recommendations in the Audit Report:

a. Review the propriety of authorizing Base Honorariums which exceed the maximum daily salary of a GS-15.

b. Document the justification for authorizing standard fees which far exceed those authorized by other Government agencies with similar programs.

c. Formalize the OTR policy on guest lecturers by appropriate amendment to [REDACTED] Training.

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d. Request an opinion from OGC on the propriety of the contracts negotiated under authority of

STATINTL [REDACTED] Contract Personnel.

We gave this problem immediate attention because the Institute's standards of payment are apparently becoming Agency minimums. Other Agency components and even other OTR branches have adopted the Institute's fee schedule without apparent consideration of existing restrictions.

5. Language Learning Center (LLC) - Attachment D

The major problems of the LLC were readily identified by responsible officials during an entrance interview. The most significant problem is that only 10% of students

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placed in full-time LLC training complete a full course of study. The effect on program results of a 90% drop-out rate is obvious. The Annual Report of the Language Development Committee for FY 1975 identifies the major problem areas related to the Agency's foreign language program and contains recommendations for corrective action. Actions on these recommendations by the Agency Management Committee should be considered prior to further audit effort.

6. Records and External Programs Group

We significantly expanded the scope of our review of the Records and External Program Group, commonly referred to as the Registrar Group. Our examination included a review for compliance with Government-wide training authorities contained in Title 5, U.S. Code, Chapter 41. We initially identified the following areas as worthy of further review:

- a. Full-Time External Training - including both component sponsorship and Agency-wide OTR sponsorship, through the Training Selection Board.
- b. Part-Time External Training - again, both component and OTR sponsorship, including the Agency's Off-Campus Program.

During our audit, action was taken to strengthen controls and procedures. Employee Bulletin [REDACTED] dated 26 November 1975 was issued describing Agency policy on sponsorship of external training. Therefore, we are not recommending further review at this time. We are recommending the following actions in our Audit Report:

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a. Full-Time External Training

(1) Comply (revise [REDACTED] with Title 5 provision that an employee be sponsored for only 1 year of academic training in a 10 year service period.

(2) Strengthen approval procedures by rejecting Requests for External Training that lack adequate job-related justification and encourage attendance at lower-cost local universities.

(3) Strengthen follow-up procedures to ensure that post-training evaluations are submitted.

b. Part-Time External Training

(1) Strengthen approval procedures to comply with the job-related provisions of Title 5.

(2) Strengthen follow-up procedures to ensure that reimbursed training courses are satisfactorily completed.

(3) Document the Agency's Off-Campus Program relationship with the University of Virginia by a contract.

c. Component Approval of Training Costs

(1) Amend Form 136, Request for External Training to ensure that authorizing officials are appraised of the costs factors inherent in their approval action.

(2) Formalize OTR policy on annual leave for students and the policy on reimbursement for textbooks to provide for consistent application throughout the Agency.

7. Component Conducted Training - Attachment E

Although component conducted training is not an OTR programmed activity, OTR does have the responsibility for monitoring the courses. There appears to be an acceleration of component conducted training, including the use of outside contractors. Based primarily on the cost data contained in the FY 75 report of component training, we believe that a comprehensive review of the entire scope of component conducted training is warranted.

CONCLUSIONS

In summary, areas to be considered for further review are:

- a. Career Training Program
- STATINTL b. [REDACTED] and Operational Training
- c. Language Learning Center
- d. Component Conducted Training Including External Training

We feel that our efforts should be responsive to the requirements of the DDA and OTR management. Such requirements will probably be in sharper focus after the review by the IG Inspection Staff is completed.

We recommend that the Chief, Audit Staff review the results of this survey with the DDA to determine the scope and timing of further audit efforts.

[REDACTED]
Chief, General Audit Group

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Attachment A

CAREER TRAINING PROGRAM

Scope of Audit

Our preliminary evaluation focused on the main functions of the CTP; namely, the selection, training, and ultimate placement of Career Trainees (CTs) throughout the Agency. Detailed procedures included a review of: the Regulation [REDACTED] out-

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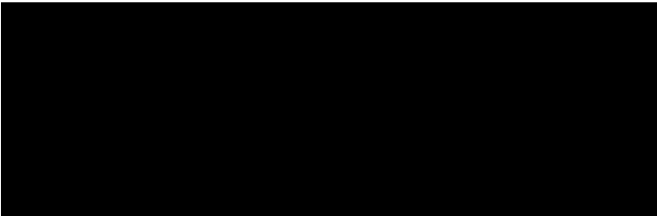
Observations

Isolated, within the scope of its activities, the CTP performs its mission in an effective and efficient manner. Some of the problems that did surface include a difficulty in finding suitable interim assignments in the DDI, a lack of sufficient follow-up on CTs after they leave the Program, and an occasional lapse in coordination between the OP field recruiters and the CTP.

When examined from an overall Agency viewpoint, the question arises whether a continuing need exists for a Career Training Program.

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It appears that in relation to its funding level, the CTP is under utilized by the Agency. For the most part, Agency Directorates are fulfilling professional manpower requirements by direct hire or internal selection and training rather than relying upon the CTP. For example, the Agency FY 1975 projections for professional gains were as follows:

<u>Directorate</u>	<u>External Sources</u>	<u>Internal Sources</u>	<u>CTs</u>
DDA			
DDS&T			
DDI			
DDO			
DCI			
TOTALS			

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As can be readily seen above, Agency components, with the exception of the DDO, do not utilize the CTP to any significant degree as a source of career professional employees.

Total program costs are 1.1 million dollars. Student salaries and expenses account for 900 thousand. The balance of two hundred thousand dollars is for the sole purpose, in effect, of hiring about 50 new professional employees annually. (48 CTs were hired in CY 75). In light of decreasing personnel requirements throughout the Agency, this number is being reduced. For FY 1977, the DDO has requested a maximum of 20 CTs, the DDI 12, NPIC 1, and the DDA (OTR) 4 to 5. About 90% of the CTP staff time is spent on functions other than training, such as selection and placement; functions that are usually associated with the Office of Personnel. Furthermore, the CTP relies almost entirely on OP field recruiters to spot, initially

assess, and refer potential CTs to the CTP staff. The staff also uses the OP Skills Bank to identify CT candidates.

There are no firm figures available on what it actually costs to select, train, and ultimately place a CT. Costs not easily allocated to the CTP include support of the OP field recruiters, testing and interviewing of CT candidates, and certain training courses. It would appear that the costs of hiring, training, and placing a professional employee through the CTP far exceed those incurred by alternate methods.

Conclusion

We feel that sufficient evidence exists to warrant a more comprehensive review of the CTP. Our objectives would be to determine:

1. The total costs associated with the CTP.
 - Per student costs based on FY 1977 requirements.
2. The reason why certain Agency components do not support the CTP mission of providing the Agency with career professional employees.
 - Have needs changed?
 - Is the CTP responsive to Agency-wide requirements?

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3. The performance of CTs in the Agency.

- Profiles of Agency professionals.

Our findings would hopefully provide management with sufficient information to make an informed judgment on the future of the Career Training Program.

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Attachment B

[REDACTED]

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Scope of Review

STATINTL We reviewed the [REDACTED] organization and functions; the current [REDACTED] Resource Package and budgeted fund levels; MBO Action Plans; production statistics for the past four fiscal years on the use of [REDACTED] [REDACTED] and the relationship between OTR and the DDO regarding operations training. We did not schedule a visit to the [REDACTED] during our survey. The experience gained from our annual financial compliance audits has provided sufficient insight into local operations to make unnecessary a special visit at this time.

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ObservationsOTR/DDO Ops Training Relationship

One of the basic issues that should be addressed is the extent of OTR responsibility in conducting operations training. We suggest that the operations courses run by [REDACTED] should be under the direct control and supervision of the DDO; we would also include the courses now conducted by the Operations Training Branch of OTR's Functional Training Division.

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These programs are not generalized courses which transcend Agency organizational and functional lines. Rather, they are strictly DDO oriented skills training exercises designed to impart DDO operations philosophy and techniques. They are

conducted solely for DDO personnel and essentially by DDO personnel on rotational assignments as OTR instructors.

Removing these operations courses from OTR would eliminate the various bureaucratic procedures and layers of personnel.

The OTR Special Assistant for Operations Training and the [REDACTED] STATINTL Deputy for Operations positions now exist primarily to insure OTR responsiveness to DDO requirements.

The DDO has taken action to affirm his responsibility in establishing an operations training doctrine. A DDO Training Committee was established to review the training curriculum

STATINTL [REDACTED] the assignment of DDO officers to the [REDACTED] and the STATINTL DDO/OTR command relationship over operations training. Although the Committee has not completed its review, they indicate that the DDO will become further involved in the training of its officers, with OTR providing administrative and broad managerial support.

In FY 1975, eight DDO components conducted 453 runnings of 91 courses. This was a significant increase over FY 1974 totals of 286 runnings of 39 courses. Several of these components conduct courses that ^{appear} are similar to those run by OTR's Operations Training Branch.

These facts, among others, support our contention that the DDO has the capability to conduct their own operations training without the need for extensive reliance upon, and coordination with the Office of Training.

STATINTL [REDACTED] Some thought should be given to the role of the [REDACTED] STATINTL
STATINTL [REDACTED] There is sufficient evidence

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FUNCTIONAL TRAINING DIVISION (FTD)

The Functional Training Division provides a wide range of training courses and services related primarily to skills acquisition. Most of the courses concentrate on skills peculiar to the Intelligence profession. FTD is divided into three branches:

-- Management and Administrative Training Branch (MATB)

MATB supports a large number of training programs with the objectives of (1) upgrading supervisory and management skills, (2) advancing the Agency's Upward Mobility and EEO performance, and (3) equipping Agency personnel with specialized administrative skills. Courses in this area are directed to all levels of Agency employees.

-- Operations Training Branch (OTB)

OTB provides training in the skills needed to manage, support, or participate in clandestine intelligence operations. Staff employee instruction is conducted through regularly scheduled courses. Training for personnel other than staff employees is arranged as needed using tutorial instruction.

-- Information Science Training Branch (ISTB)

The overall objectives of ISTB are to provide effective training in information sciences, systematic methods of analysis, and the develop-

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ment and application of new methodologies to intelligence and the management of intelligence. ISTB courses are available to employees and managers throughout the Intelligence Community. In addition, segments of instruction within the area of information science are provided by the ISTB staff for other OTR courses and at the National Security Agency and Defense Intelligence Agency.

SCOPE OF AUDIT

The scope of the division audit included a review of financial activity for the audit period and a survey of management responsibilities, controls and objectives. The survey covered: the organization and personnel functions; course structures; the resource package; training cost models, procedures for preparation and verification of reported costs; post-training evaluation procedures; and other areas considered necessary to complete the survey.

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MANAGEMENT & ADMINISTRATIVE TRAINING BRANCH (MATB)

Observations

MATB offers 23 training courses including 12 introduced during Fiscal Year 1975. The new courses were developed in response to requirements of the current working environment. The new courses are: Employee Development Course for Office Workers; Management by Objectives (MBO); Equal Employment Opportunity (EEO) for Supervisors; four courses on Financial Management Training; four courses on Records Management Training; and the Counseling Course.

The curriculum changes were made to provide more structured and disciplined training for the beginning, middle-level, and senior Agency managers. In December 1975 the Curriculum Committee authorized MATB to proceed with the management program which includes three additional courses to be presented between January and June 1976. To reduce the backlog of student applications, MATB is offering more sessions with larger classes.

For Fiscal Years 1975 and 1976, MATB met its three formal objectives concerning MBO, EEO, and financial management as follows:

- Two University of Maryland professors were hired to offer general MBO orientation training and MBO workshops tailored to specific components.

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- A two-day course, EEO for Supervisors, was introduced to train Agency supervisors in handling problems under EEO procedures.
- A program in financial management consisting of four courses was given. The program reviews the budgetary process, the budget formulation, the Agency accounting system, and the methods to obtain output from the Agency's financial system.

Evaluations of MATB courses are usually limited to student critiques completed at the close of the courses. Over the last three years, the evaluation process has been extended to elicit comments from the trainee and his supervisor several months after completion of the courses. Such post-training evaluations were performed on the Fundamentals of Supervision and Management (1972), Managerial Grid (1973), Levinson Leadership Seminar (1975), and Employee Development courses (1975). The post-training evaluations have the advantage of obtaining critiques from participants who have applied their training on the job and from their supervisors. Experience shows that the most effective responses from participants and their supervisors are obtained between two and three months after a course.

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We believe that post-training evaluations should be applied to the other management related courses. This should help keep the courses focused on current management practices and problems.

MATB has had difficulty in establishing that applicants qualify for those courses having the prerequisite of being either a supervisor or a prospective supervisor. Our review disclosed that 20% of the training applications for the management courses recently conducted do not reflect that the applicant is either a supervisor or a prospective supervisor. MATB has strengthened the review of training applications for managerial courses to ensure enrollment of only qualified students.

Conclusions and Recommendations

Our review disclosed that MATB is achieving its objectives of improved training in management and administration. Our only recommendations are to (1) broaden the post-training evaluations and (2) ensure only qualified students are enrolled.

OPERATIONS TRAINING BRANCH (OTB)

Observations

OTB Scheduled Courses

The Operations Training Branch conducts seven scheduled courses ranging in length from one to six days. The courses appear to be adequately subscribed and to efficiently utilize available resources. They also seem responsive to the needs of the operational components.

The instructors strive to keep abreast of the latest developments within their respective fields of interest. For example, the senior instructor of the Operations Records course works closely with the DDO Records Management Officer and the Information Services Group Training Officer to ensure that his courses are up-to-date technically and meet the needs of the DDO. Continuous evaluation of course structure and content is accomplished by the utilization of feedback from former students, their supervisors and current students.

Besides using student critiques, the instructor of the DDS&T orientation courses and the Anti-Narcotic course also meets before and after each course with the component Training Officer and the Executive Officer to discuss the course objectives and format.

A potential problem area is the working relationship between the OTB instructors, particularly ALT instructors, and the operations instructors [REDACTED] There is no training workshop between STATINTL the two groups of instructors where new training ideas and instructional techniques can be exchanged.

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capability of ALT. Only seven of these films have been copied into cassette format. Attempts to have Central Reference Service (CRS) complete the copying of reel films onto cassettes has met with resistance. Thus, ALT has expensive video-cassette equipment that is not being efficiently used. Supposedly, CRS reticence is explained because of copyright restrictions and the fact that they must rely on the services of the U.S. Naval Pictorial Center for copying the films. This is because the Agency lacks the reproduction capability.

On occasion there has also been a lack of close cooperation between ALT and the OTR Visual Aids Branch of Training Services Staff. This involved the time required and the work standards applied in fulfilling ALT requests for training slides and view-graphs. Because of the many other Visual Aids Branch commitments and for the sake of expediency, ALT instructors have supplemented their training aids by preparing some of their own slides and graphs.

Many of the training films were produced twenty or more years ago and are now out-dated. However, the ALT has made arrangements to produce up-dated video tapes on tradecraft and other pertinent subjects with the hope that these efforts will improve the quality of their film Library.

Conclusions and Recommendations

The problems of ALT are accentuated because they are physically isolated. Consideration should be given to the benefits of transferring [REDACTED] to an Agency controlled building. STATINTL
Besides the savings on rent and the Wells Fargo Alarm system,

ALT would be more accessible to the DDO components and the NOC training officers as well as logistical and administrative support. The move might also eliminate the need for the KY-3 secure communications equipment, which might possibly require a new vault. We feel that an effort to accommodate the ALT program would result in a more effective, efficient operation at considerably less cost to the Agency. In addition, security of OTB materials and equipment would be enhanced.

We also recommend that the problem of acquiring video-cassette films be resolved. This would ensure more effective utilization of the expensive video-cassette equipment maintained by ALT.

Additionally, we feel that the ALT role in making their own training video-tapes, slides, and view-graphs be more closely examined in conjunction with their relationship with those OTR support components responsible for the training aid function.

Information Science Training Branch (ISTB)

Observations

The ISTB (commonly called the Information Science Center (ISC)) resulted from a recommendation made by the President's Foreign Intelligence Advisory Board in a memorandum to the President in June 1965. The Board recommended that specialized training be provided for selected members of the departments and agencies comprising the Intelligence Community where, "...systems thinking and systems skills are understood and imparted..." As a result of this recommendation, an ISC was established under the control of the Defense Intelligence Agency (DIA) in December 1967. Due to budget and manpower constraints, DIA decided to close the ISC on 30 June 1972. The Agency thereupon took control of the ISC and absorbed it into OTR where it was physically moved from DIA in August 1973.

The Director, DIA and the Chairman of the USIB Intelligence Handling Committee approved the original guidelines given ISC relating to the initial courses to be presented and their content. Since this facility has been under OTR control, the Chief, ISTB has been responsible for identification of requirements for new courses and the improvement of existing programs. New courses developed by ISTB are now approved through normal OTR channels.

ISTB offers seven courses that range in length from one to four weeks. The courses are offered primarily for Agency and other Intelligence Community organizations.

Other US Government employees may attend only when approved by the DDA. Applications for individuals involved in law enforcement must be approved by the DCI on a case by case basis. During Fiscal Year 1975 a total of 515 students enrolled of which 229 were non-Agency. Over the past 5 years only 10 students outside the Intelligence Community have attended.

ISTB maintains a thorough internal evaluation system for its courses. The evaluation results are forwarded through OTR command channels for further review. The ISTB program has not been subjected to any review external to OTR since inception. Two means of evaluating the effectiveness of ISTB are through the acceptance of the total program by the Intelligence Community and the attitude of individuals who have gone through the training. The number of people interested in receiving ISTB training grows each year. Student critiques and their subsequent communications with ISTB personnel are evidence of the high quality of the skills taught.

Each course has a formal evaluation form constructed to obtain the broadest response from participants. The form covers course objectives, evaluation by specific subject, instructor evaluation, general evaluation, and provides for a narrative evaluation. The results, except for the narrative portion, are recorded by the students on mark-sense cards for rapid mechanical tabulation. The results of the evaluation are discussed before the students are released.

After each class is completed, the chief instructor is responsible for preparing a thorough summary of course results, suggested changes to course content, and other conclusions meriting management attention.

Conclusions

ISTB is effectively utilizing its current resources and manpower. Whether the results of its training are meeting the objectives as envisioned by the architects of the program is another matter. A program review of ISTB would lead the reviewer to USIB and other Intelligence Community organizations if current requirements and training results were to be verified. ISTB receives no direct support from the USIB Intelligence Handling Committee or USIB itself for planning purposes or otherwise. As OTR officials are well aware, there is no comprehensive plan for the Intelligence Community whereby ISTB can extract future information science training requirements with confidence. This is a key issue. Plans and projections now made are primarily derived by ISTB through its liaison with intelligence officers and officials throughout the Agency and the Intelligence Community.

The statistical, operations research, and other sophisticated analytical techniques taught by ISTB are much needed, but not necessarily sought after by the appropriate people. All too many managers have not had sufficient training in these techniques even to the extent of being able to appre-

ciate what the techniques can do for them, much less how they are accomplished. The FTD Resource Package states, "With regard to information science training the question is whether enough is being done rather than whether the accomplishments are worth the price." Any further evaluation of this area would have to address both questions but with emphasis on the sufficiency of such training. We believe that more emphasis must be placed on information science training if managers and users are to keep pace with the sophisticated hardware systems which the Agency continues to acquire.

Agency requirements for information science training should be developed outside of OTR by each directorate. The review should focus on the needs of users throughout the Agency. There is no effective means of measuring the adequacy of the ISC's program until the requirements have been identified and endorsed by the appropriate Deputy Directors or the Agency's Management Committee. Any individual selected to review requirements would have to be well-versed on current analytical techniques, as well as his or her directorate's management process. Such knowledge would be needed to identify problem areas where new methods could be applied or current ones expanded.

The results of a review of information science training requirements would serve as a guide in structuring the ISC's training program to meet the stated needs of the Agency. The results could also be used to determine the optimum size of ISC to meet those needs.

We recommend that the DDA request each directorate to define its requirements for information science training within guidelines to be furnished by the DDA.

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Attachment D

Language Learning Center

Introduction

The main missions of the Language Learning Center are to (a) train Agency personnel in foreign languages, (b) test the proficiency, both oral and reading, of language skills, and (c) support the Language Development Committee which was chartered to advise senior Agency officials on policies and procedures related to the Agency's foreign language program. The Center services all Directorates.

Scope of Review

We expanded the scope of our financial compliance audit procedures to include a survey of the following: a review of the regulations, [REDACTED] outlining Agency policy and responsibilities in the development and maintenance of skills in foreign languages; the organization and functions of the Center; the current resource package supporting the FY 76 program call; the Annual Report of the Language Development Committee for FY 75; and other sources of data as we considered necessary. All of the above was complemented by an interview with the Chief and Deputy Chief, Language Learning Center.

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Observations

The objective of the Center is to increase foreign language skills within the Agency. Generally, the Center relates its effectiveness to the Agency's inventory level of professional

foreign language skills. The matching of the Agency's language requirements with available skills is accomplished by each Deputy Director designating positions in which a foreign language is normally required. These Agency positions, titled Language Designated Positions (LDPs), currently

STATINTL total [REDACTED] of which less than 50 per cent are staffed by language qualified individuals.

A "Key Issue", raised in the Center's FY 76 Program Call, was that increased foreign language training requirements were being levied at a time of progressive reduction in resources. Training volume is up. But, at the same time, there has been a progressive loss in professional level language skills. This dichotomy could be interpreted as an indication of an ineffective training program; the major cause being that only about 10 per cent of all students placed in full-time training in the principal languages complete a full course of study.

An indication of effective internal management is the current effort to develop standardized proficiency tests. Also, the Center has developed cost effective criteria. A break-even concept has been used to determine that a class size of six students is required to recover costs. Accordingly, courses are not ordinarily conducted for less than six students; requesting components are charged for the costs of classes for less than three students.

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Conclusion

Sufficient evidence exists to warrant a further review of the Center. We limited our survey because the major problems were readily identified by responsible officials. In fact, the major problem areas were identified in the Center's annual report to the DCI. If we schedule a more comprehensive review it should be coordinated with the Agency Management Committee to determine what action has been taken in the following key areas:

- (1) Re-examination by each component of its Language Designated Positions.

- (2) Assigning to training only those who will complete the full course of study.

Attachment E

Component Conducted Training

Scope of Review

We limited our review primarily to the information contained in the Annual Report, Component Conducted Training, Fiscal Year 1975. We did contact several Training Officers regarding components' use of guest speakers and full-time external training for their employees.

Observations

Component Conducted Training

There appears to be sufficient evidence to warrant a more extensive review of component conducted training. This could include: component compliance with OTR and Federal Government guidelines, procedures, and regulations; component liaison, coordination, and working relationships with OTR; the components role in providing "skills" oriented training; the organization of component training and course structure as it relates to Directorate requirements; and such other areas as would be considered necessary in the circumstances.

Our review of OTR's FY 1975 report to the DCI on component conducted training reveals several facts worthy of further evaluation.

There is evidence that OTR is publishing information not compiled in accordance with its own instructions, i.e.,

components are not following OTR guidelines in reporting the costs of internally conducted training courses. For example, the DDS&T's Course Cost Summary of their Career Development Course classifies guest speaker fees as "other costs" vice "instructor costs" and they do not include any overhead (O/H) factor. OTR instructions, Report Criteria "G", All Other Costs, specify that O/H costs should be included; computed at 100 per cent of the sum of "instructor costs" plus "all other costs". A further review of the Annual Report indicates that, for the most part, O/H costs are not included in components' reports. Therefore it appears that the costs of Component courses are not accurately reported. Furthermore, the formula supposed to be used by the components in computing O/H is different than the one developed by the Civil Service Commission and used internally by OTR. That is, internal OTR Summary Cost Worksheets - Cost Models - provide for a O/H rate computed at 100 per cent of instructor costs only, i.e., other costs are not included in the computation.

There are other examples of inconsistencies in charging expenditures to appropriate cost categories (e.g., charging travel costs to instructor costs, etc.) The costs of course development, including the pro-rating of capital expenditures, might also be reviewed for validity and consistency of application.

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There appears to have been an "explosion" of component conducted courses since FY 1971. In 1971, the DDA conducted 230 runnings of 71 courses increasing to 572 runnings of 148 courses in FY 1975; the DDS&T, 31 runnings of 22 courses increasing to 192 runnings of 49 courses; the DDO, 205 runnings of 45 courses increasing to 453 runnings of 91 courses; only the DDI had a decrease in the number of runnings and courses. Additionally, the Directorates showed significant increases in the number of students in their courses, increasing from [REDACTED] students in FY 1975.

STATINTL

The propriety of some of the course offerings appears to be questionable. For instance, half of NPIC's courses have nothing directly to do with NPIC functions, objectives, or responsibilities, and are duplicative of courses offered by the Civil Service Commission and private institutions. These courses include intermediate and advanced shorthand, refresher typing, and reading improvement.

A disparity exists between the costs of component conducted training. For instance, the DDA average cost per course hour was \$19 whereas the DDO, DDS&T, and the DDI averaged \$40 - \$45 per course hour. Similarly, even though the DDO had two and one half times fewer course hours than the DDA, they had more instructor costs. There are many instances of course costs that far exceed the averages within a component, including examples of courses that cost well over \$1,000 an hour to conduct and which involve substantial outside con-

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tractual arrangements, as well as courses that have a cost per student of \$3,000 - \$5,000. Additionally, examples exist of relatively expensive courses being conducted for only one or two students. Furthermore, several of the components offer courses that appear to be similar to those conducted by various branches within OTR. Reported FY 1975 cost of component training [REDACTED]

STATINTL

The figures cited above take on added significance when it is recognized that they generally do not include a provision for overhead costs. Because instructor costs comprise the largest segment of total costs and should be included in the O/H computation, we estimate that the reported costs of component conducted training are understated by almost 100 per cent.

Contractors and Guest Speakers

Another area of possible audit interest is the components' use of procurement contracts to obtain the services of private organizations, including guest speakers, to conduct internal training. For example, the DDS&T expends more monies for guest speakers and training services of outside contractors than does the Office of Training. And too often these contractual arrangements result in courses that cost more than \$1,000 an hour to conduct, (e.g., several symposium courses in the Office of Research and Development.)

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Conclusion

We feel that the statistics presented above, alone are of sufficient importance to justify a more comprehensive review of the entire scope of component conducted training. Also many of the problems encountered during our review of OTR originated at the component training office level. Because the two training systems are, in many respects, complementary, we feel that adequate resources should be applied toward a careful evaluation of the role of component training within the Agency, i.e., where it is now, what it evolved from, and where it is headed.

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

OTR Audit

FROM:

Chief, Audit Staff
1201 Key

EXTENSION

NO.

DATE

21 January 1976

STATINTL

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

DDA AIR

2.

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STATINTL

Chief, Audit Staff

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I am attaching two copies of a memorandum summarizing the results of our OTR review. In addition to our financial audit, a survey was made to identify areas where an audit of program results would benefit management. The specific areas we will need to discuss with you tomorrow are:

- Career Training Program
- Operational Training
- Language Learning Center
- Component Conducted Training including External Training